

**Annual Governance Statement:
Framework for compiling the AGS: Setting out the process**

The Council is required to prepare an Annual Governance Statement (AGS) and to present it alongside the Statement of Accounts. The AGS is a public assurance that the Council has a sound system of internal control, and robust corporate governance arrangements, designed to help manage and control its risks. It is an important public expression of what the Council has done to put in place good business practice, high standards of conduct and sound governance.

CIPFA/SOLACE guidance suggests that the process for compiling the AGS should be clearly set out and provided as part of supporting evidence.

The document below sets out the approach Stevenage Borough Council takes in compiling its Annual Governance Statement. The development of the AGS culminates from a continuous review process designed to enable the authority to review and improve its governance arrangements.

The framework includes timescales for compiling the evidence and writing the statement and sets out who will provide evidence.

This document is intended for use by:

- a) Officers charged with the responsibility of gathering evidence and coordinating the Council's approach to compiling the Governance Statement
- b) Members and managers who need to be aware of the Council's approach to compiling the Annual Governance Statement.

This is designed to be a working document, through which areas for improvement and further development of the process will be identified.

Statutory Framework

Revising and consolidating previous legislation, the Accounts and Audit (England) Regulations 2011 came into force on 31 March 2011 and require the Council to prepare an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, to accompany the Statement of Accounts.

In 2006, CIPFA/SOLACE produced a publication called, Delivering Good Governance in Local Government: Framework and Guidance. The Council adopted a Local Code of Corporate Governance in March 2008, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework. It focuses on six key principles of corporate governance.

The Department for Communities and Local Government clarified that the Annual Governance Statement was assigned 'proper practice' status in August 2006 and therefore has statutory backing.

The Annual Governance Statement Process

It is important that the Annual Governance Statement results from an ongoing process to contribute towards the embedding of good governance across the Council, and not just an end of year activity.

To this end a new process was adopted for 2010/11. The Corporate Governance Group (CGG) now meets bi-monthly to oversee key elements of assurance for each of the Six Principles of good governance. A core group of officers attends each meeting and an appropriate lead officer is invited as necessary. Other corporate groups' terms of reference include the responsibility to escalate any issues to CGG which may impact on any area of the organisation's governance.

This approach promotes continuous review and update of information and regular monitoring of actions plans can take place.

The AGS is compiled following a review of the effectiveness of systems of internal control. The review involves the Strategic Management Board, Heads of Service, as well as specific responsibilities for internal audit and the Corporate Governance Team, as shown in the table below.

The AGS will be considered at the Audit Committee on 15 June. The Leader of the Council and the Chief Executive will sign the statement, prior to publication along with the Statement of Accounts.

Roles and Responsibilities

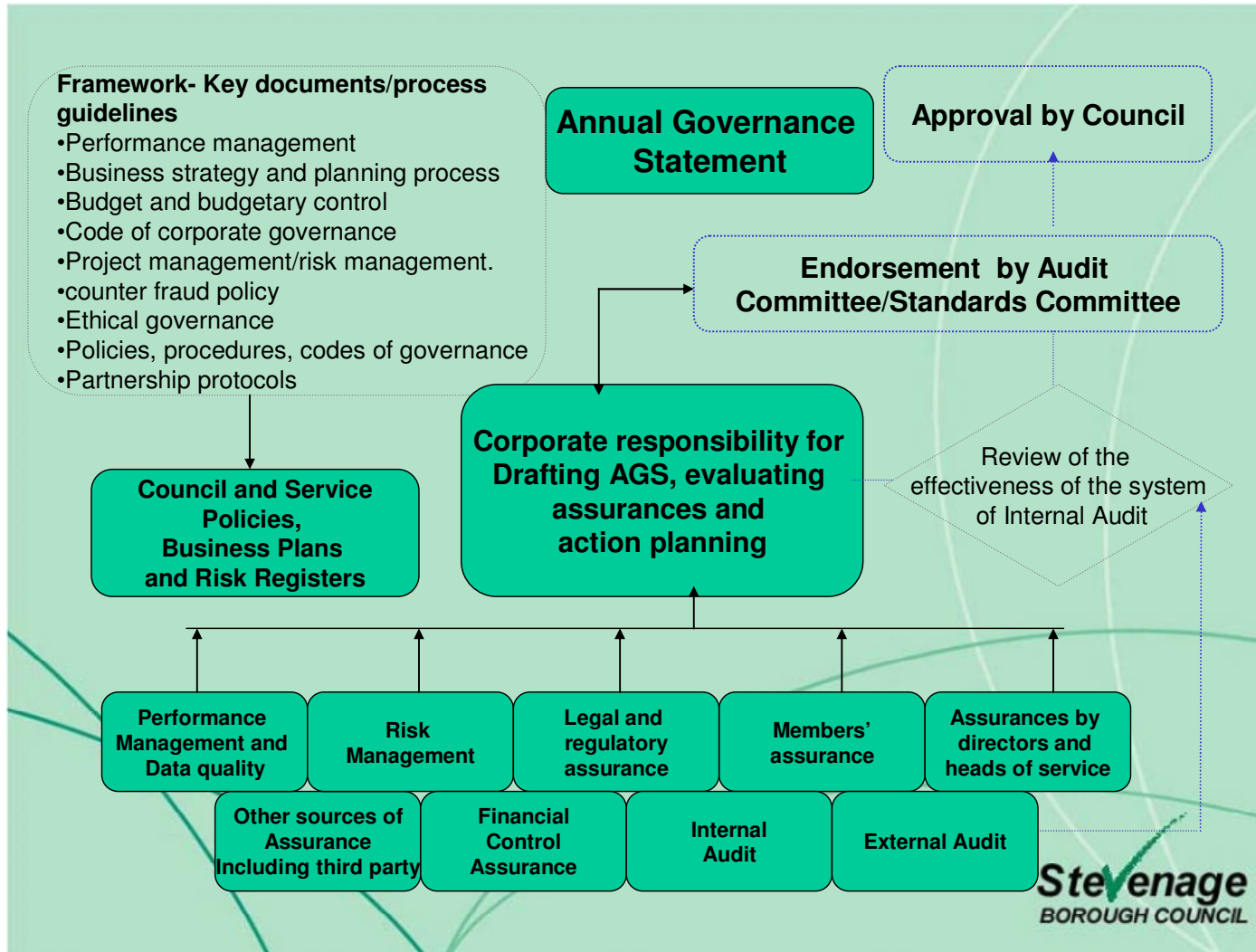
Group of Individuals	Role & Responsibilities
Leader of the Council and Chief Executive	<ul style="list-style-type: none"> • Sign off the Annual Governance Statement to accompany the Statement of Accounts
Council	<ul style="list-style-type: none"> • Approval of Annual Governance Statement alongside the Statement of Accounts following recommendation from Audit Committee
Audit Committee	<ul style="list-style-type: none"> • Ensure the authority's Annual Governance Statement properly reflects the risk environment and identifies any actions needed for improvement

Appendix Two

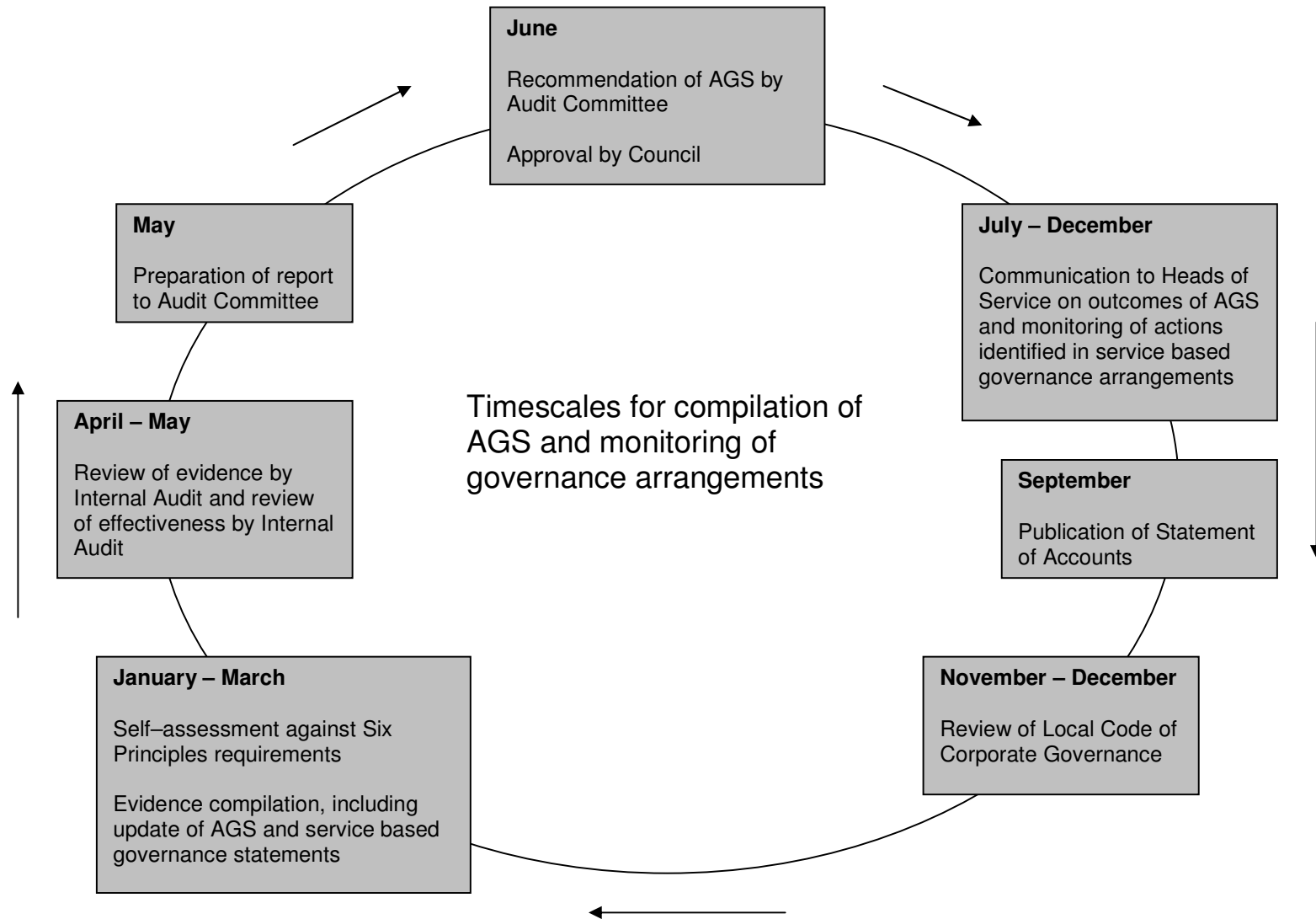
	<ul style="list-style-type: none"> • Consider the effectiveness of the authority's overall governance and control environment, risk management and anti-fraud and corruption arrangements • Seek assurance that action has been taken on risk related issues identified by Internal and External Audit and other inspections
Elected Members (individually or collectively)	<ul style="list-style-type: none"> • Approving and adopting relevant Codes and registering interest
<p>Corporate Governance Group</p> <p>Core membership:</p> <ul style="list-style-type: none"> • Director of Resources (S151 Officer) • Head of Finance (as Deputy S151 Officer) • Borough Solicitor • Head of Customer Service and Business Improvement • Head of Housing, Partnerships and Communications • Performance and Improvement Manager 	<ul style="list-style-type: none"> • Compilation of Annual Governance Statement and supporting documentation • Moderation of service based governance statements and ongoing support to Heads of Service in identification of appropriate actions • Action planning in response to the review of the Council's governance arrangements • Compilation of evidence to support the Annual Governance Statement, including monitoring completion of identified actions
Monitoring Officer	<ul style="list-style-type: none"> • Contribution to Annual Governance Statement by providing assurance that the Council as a whole is responding adequately to legislation and legislative change
Section 151 Officer	<ul style="list-style-type: none"> • Contribution to Annual Governance Statement by providing assurance that the Council as a whole has effective controls in place to manage its finances efficiently and effectively
Heads of Service	<ul style="list-style-type: none"> • Annual assurance on the effectiveness of controls in place and governance arrangements (including response to legislative change, risk management and performance management) through service based governance statement • Maintain awareness of and

Appendix Two

	<p>promote service governance arrangements</p> <ul style="list-style-type: none"> • Identify areas of service control weakness and action plan in response to this
Performance and Improvement Team	<ul style="list-style-type: none"> • Provide assurance on the Council's risk management processes and procedures
Internal Audit	<ul style="list-style-type: none"> • Provide independent review of corporate governance arrangements and compliance therewith • Assist in identifying areas for improvement and action planning
Corporate Groups	<ul style="list-style-type: none"> • Escalate any significant governance issues to CGG
All Employees	<ul style="list-style-type: none"> • Maintain awareness and contribute to the control process where appropriate



Appendix Two



The process and timescales for compiling the AGS is part of the ongoing review and improvement of the Council's governance arrangements and not an isolated year end activity.